

REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



ISET

ForSet

13 | Jan-Mar 2019

Market Highlights

REM lab. (Real Estate Market Laboratory)



Real Estate Index (REI) is an index, which represents real value of the real estate. Whenever we observe real estate prices, the first thing we look at is average price per square meter. However, average price can increase, if the sales of better quality properties (more flats in central districts or renovation, etc.) increases, which does not mean that real estate prices went up generally. We need Real Estate Index to track pure price changes. REI excludes `QUALITY EFFECT` and observes how the price of given property changes compared to the base period (April 2015 for Tbilisi City & January 2016 for Batumi City & Kutaisi City).

Types of REI are Sale Price Index (SPI) & Rent Price Index (RPI). Only SPI on residential real property is available for BAT and KUT

All indices are calculated using prices in USD.

ABBREVIATIONS USED

ASP	Average Sale Price per sq.m.
ARP	Average Rent Price per sq.m.
SPI	Sale Price Index
RPI	Rent Price Index
MoM	Month-over-Month Change
YoY	Year-over-Year Change
X-RATE	Exchange Rate
TBS	Tbilisi City
BAT	Batumi City
KUT	Kutaisi City
MUN	Municipality
GEO	Georgia
RP	Residential Property
CP	Commercial Property
NAPR	National Agency of Public Registry
TCH|MDS	Tbilisi City Hall, Municipal Department for Supervision

X-RATE USD | GEL

QUARTERLY TREND, 2015-2019

Q-Y	USD | GEL	QoQ (%)	YoY (%)
Q3-15	2.3249	1.5%	33.4%
Q4-15	2.3979	3.1%	31.9%
Q1-16	2.4361	1.6%	13.3%
Q2-16	2.2130	-9.2%	-3.3%
Q3-16	2.3222	4.9%	-0.1%
Q4-17	2.4956	7.5%	4.1%
Q1-17	2.6041	4.3%	6.9%
Q2-17	2.4186	-7.1%	9.3%
Q3-17	2.4212	0.1%	4.3%
Q4-17	2.5942	7.1%	3.9%
Q1-18	2.4847	-4.2%	-4.6%
Q2-18	2.4459	-1.6%	1.1%
Q3-18	2.4530	0.3%	1.3%
Q4-18	2.6755	5.7%	3.1%
Q1-19	2.6675	-0.3%	7.4%

Source: NBG 2019

REAL PROPERTY SALES

GEO HIGHLIGHTS

In comparison with Q4 2018, the GEO real property market dropped by 15.2% in Q1 2019. While the annual increase was more pronounced at 3.7% (YoY), compared to Q1 2018.

Tbilisi dominated the real property market with a 41.8% share in total sales in Q1 2019. The Tbilisi market was followed by Kakheti and Adjara, with a respective 12.6% and 10.9% proportion of GEO sales.

The highest annual increases in Q1 sales (YoY) were observed in Imereti (18.7%), Kakheti (17.4%), Samtskhe-Javakheti (15.4%), and Ajara (11.0%). While, Tbilisi had an annual growth of 4.1% in real property sales, where the market outside the capital began to catch up and grew by 3.4%.

More than half of GEO sales were registered in the two largest cities: Tbilisi and Batumi.

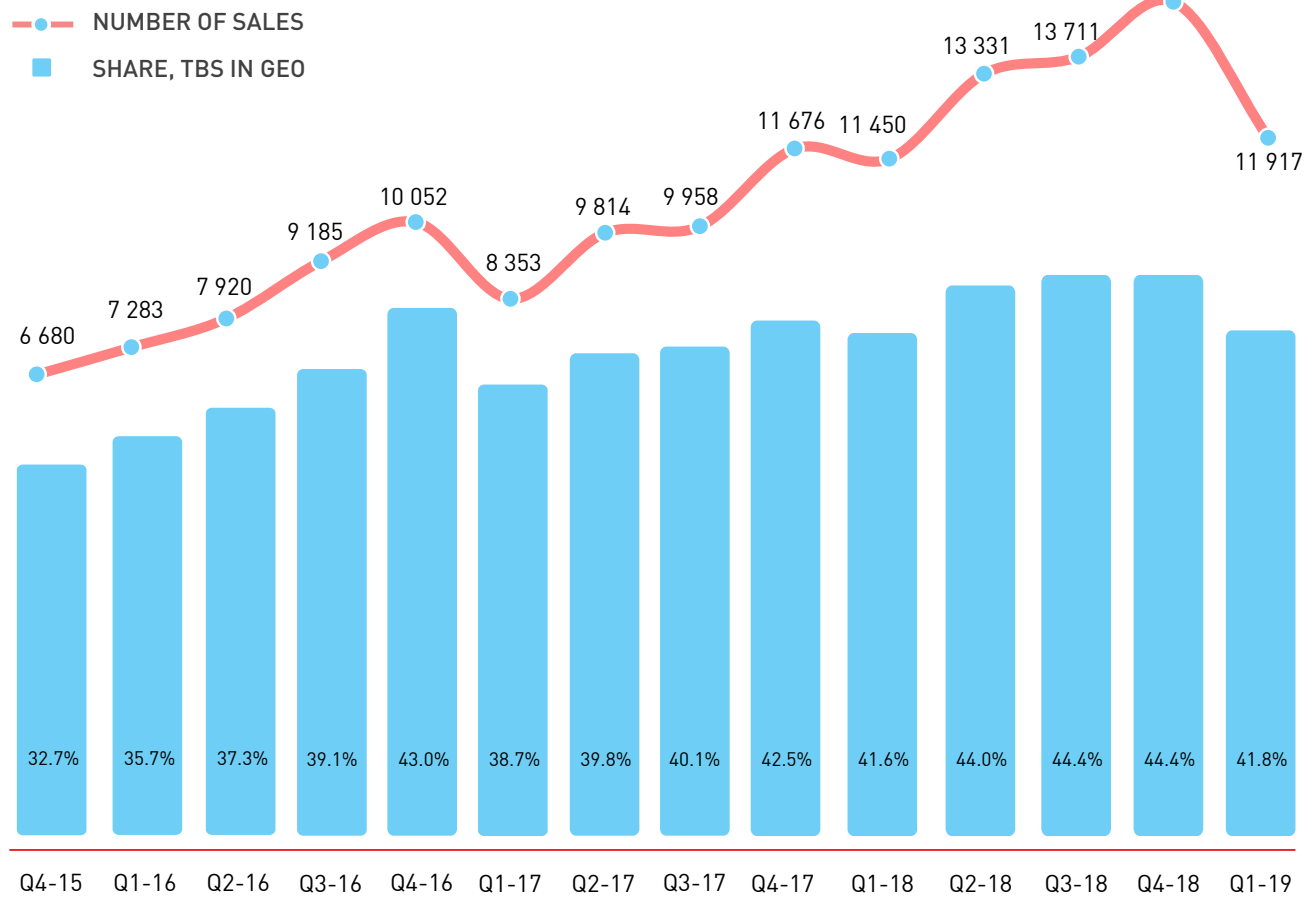
For Q1 2019, the TOP 3 regions by GEO sales were:

Tbilisi (11,917 units, 41.8%)
 Kakheti (3,592 units, 12.6%)
 Ajara (3,110 units, 10.9%)

For Q1 2019, the TOP 3 Tbilisi districts by sales were:

Saburtalo (3,012 units, 25.3%)
 Vake (1,852 units, 15.5%)
 Gldani (1,522 units, 12.8%)

SALES TREND REAL PROPERTY... TBS & GEO QUARTERLY TREND, 2015-2019



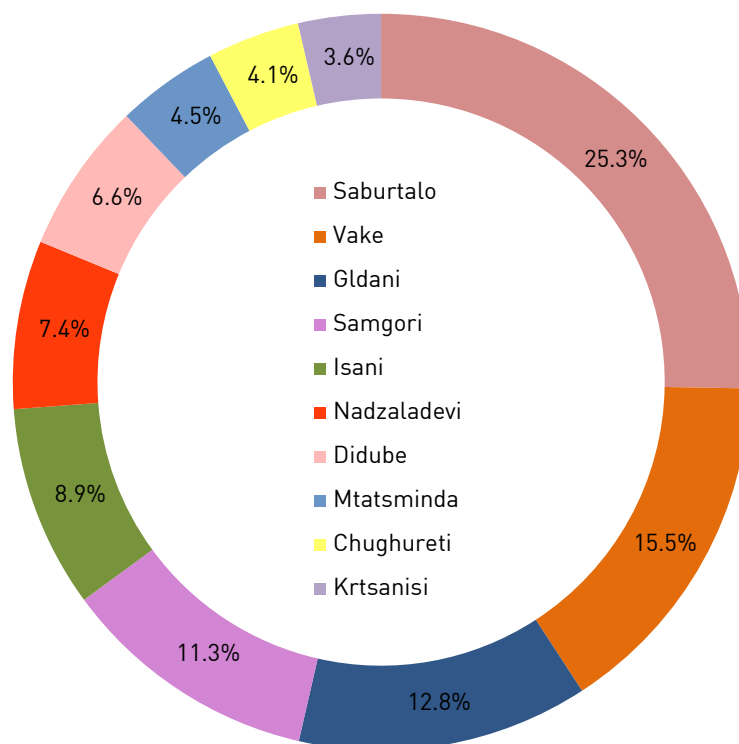
Source: NAPR 2019

**SALES TREND
REAL PROPERTY... TBS & GEO
QUARTERLY TREND, 2015-2019**

Q-Y	TBS (UNIT)	QoQ(%)	GEO (UNIT)	QoQ(%)
Q3-15	6 312	...	19 045	...
Q4-15	6 680	5.8%	20 442	7.3%
Q1-16	7 283	9.0%	20 378	-0.3%
Q2-16	8 177	12.3%	21 894	7.4%
Q3-16	9 185	12.3%	23 468	7.2%
Q4-17	10 052	9.4%	23 380	-0.4%
Q1-17	8 353	-16.9%	21 611	-7.6%
Q2-17	9 814	17.5%	24 673	14.2%
Q3-17	9 958	1.5%	24 848	0.7%
Q4-17	11 676	17.3%	27 477	10.6%
Q1-18	11 450	-1.9%	27 495	0.1%
Q2-18	13 331	16.4%	30 264	10.1%
Q3-18	13 711	2.9%	30 890	2.1%
Q4-18	14 922	8.8%	33 598	8.8%
Q1-19	11 917	-20.1%	28 502	-15.2%

Source: NAPR 2019

**REAL PROPERTY SALES
TBS DISTRICTS
Q1 2019**



Source: NAPR 2019

SALES TREND
REAL PROPERTY... GEO REGIONS
Q1 2019

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	11 917	41.8%	4.1%
AJARA	3 110	10.9%	11.0%
GURIA	576	2.0%	-45.6%
IMERETI	2 287	8.0%	18.7%
KAKHETI	3 592	12.6%	17.4%
MTSKHETA-MTIANETI	1 218	4.3%	-8.8%
RACHA-LECHKHUMI & KVEMO SVANETI	160	0.6%	-2.4%
SAMEGRELO-ZEMO SVANETI	1 051	3.7%	4.6%
SAMTSKHE-JAVAKHETI	1 131	4.0%	15.4%
KVEMO KARTLI	1 990	7.0%	-9.9%
SHIDA KARTLI	1 470	5.2%	-2.4%

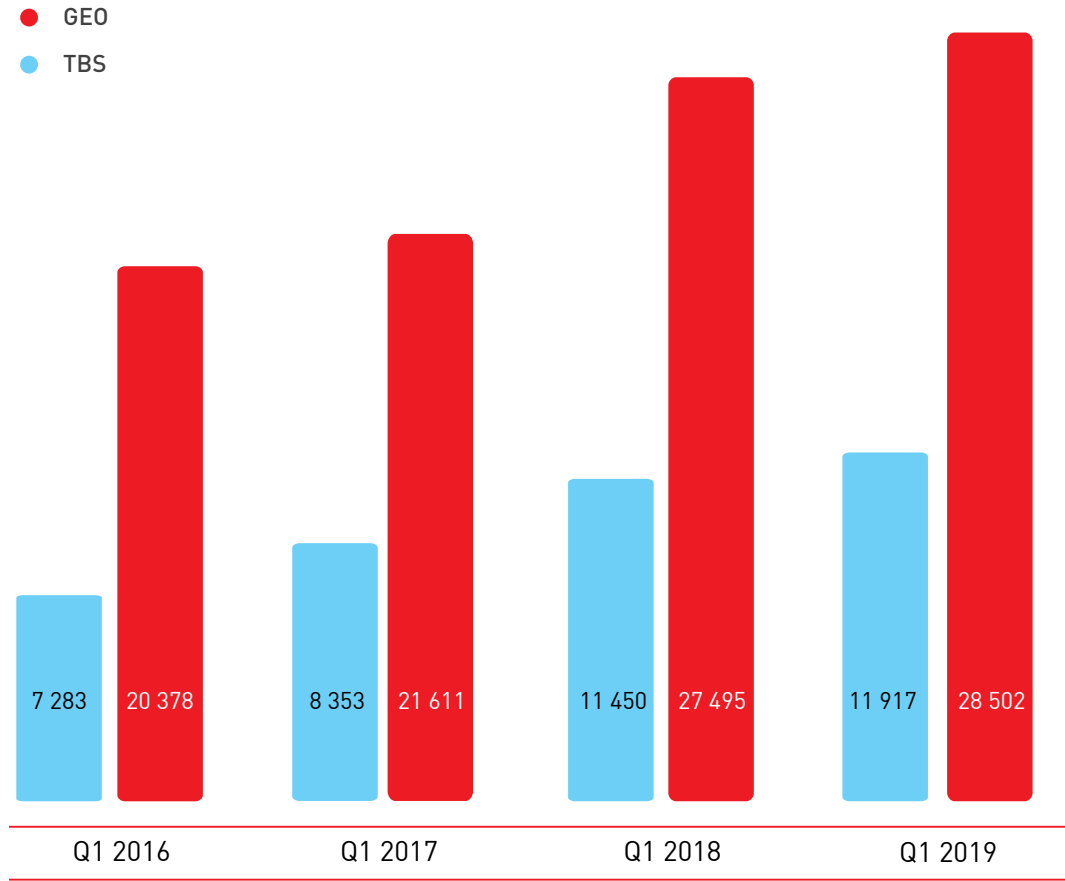
Source: NAPR 2019

REAL PROPERTY SALES
TOP CITIES & MUNICIPALITIES
Q1 2019

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	11 917	41.8%
BAT	2 713	9.5%
MTSKHETA	834	2.9%
GARDABANI	834	2.9%
KUT	772	2.7%

Source: NAPR 2019

**SALES TBS & GEO
REAL PROPERTIES...
ANNUAL TREND, 2015-2019**



Source: TCHIMDS 2019

REAL PROPERTY SUPPLY

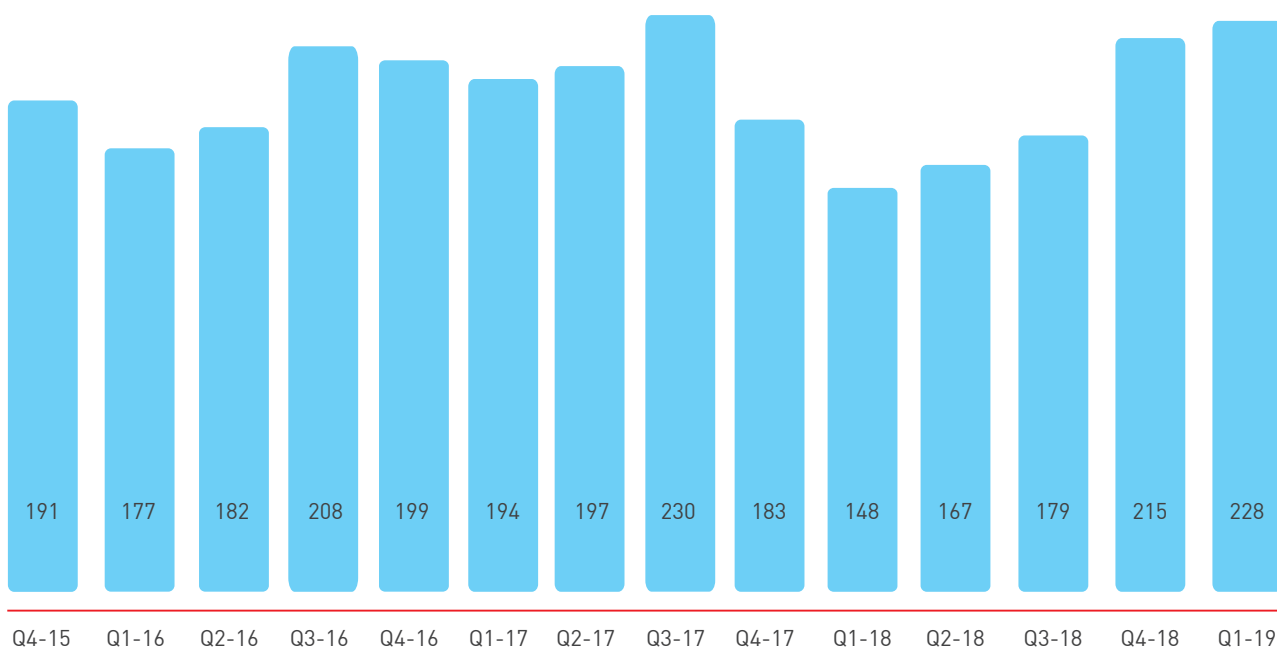
TBS HIGHLIGHTS

In total, within Q1 2019, 228 new buildings with an area of 351,336 m² were completed in Tbilisi. The capital's real property supply was boosted both in the number of buildings (+54.1% YoY) and the total area of buildings (+75.5% YoY).

The jump in total supply was driven by a 55.1% increase (YoY) in the supply of residential buildings (197 units, with a total area of 291,540 m²). A further 31 buildings, with a total area of 59,796 m², have also been added to Tbilisi's commercial property supply.

SUPPLY TREND NEW REAL PROPERTY NUMBER... TBS QUARTERLY TREND, 2015-2019

● NUMBER, UNIT



Source: TCH|MDS 2019

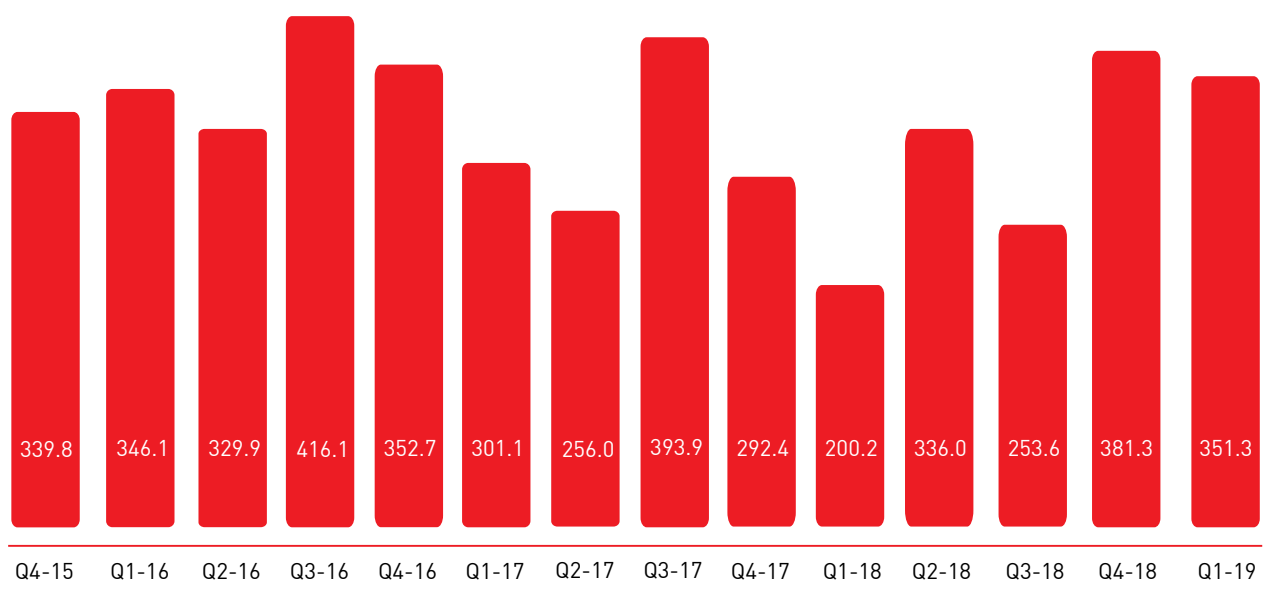
SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
QUARTERLY TREND, 2015-2019

Q-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
Q3-15	101	31	132
Q4-15	144	47	191
Q1-16	137	40	177
Q2-16	146	36	182
Q3-16	168	40	208
Q4-16	155	44	199
Q1-17	146	48	194
Q2-17	161	36	197
Q3-17	166	64	230
Q4-17	152	31	183
Q1-18	127	21	148
Q2-18	139	28	167
Q3-18	142	37	179
Q4-18	183	32	215
Q1-19	197	31	228

Source: TCHIMDS 2019

SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
QUARTERLY TREND, 2015-2019

● AREA, K SQ.M.



Source: TCHIMDS 2019

SUPPLY TREND
NEW REAL PROPOERTY NUMBER..TBS
QUARTERLY TREND, 2015-2019

Q-Y	RP (K SQ.M)	CP (K SQ.M)	ALL (K SQ.M)
Q3-15	169.3	62.3	231.6
Q4-15	248.0	91.9	339.9
Q1-16	274.5	71.6	346.1
Q2-16	259.2	70.7	329.9
Q3-16	363.0	53.1	416.1
Q4-16	264.8	87.9	352.7
Q1-17	193.3	107.8	301.1
Q2-17	210.3	45.7	256.0
Q3-17	174.9	219.1	394.0
Q4-17	253.9	38.6	292.5
Q1-18	140.2	60.0	200.2
Q2-18	283.0	52.9	336.0
Q3-18	103.5	150.1	253.6
Q4-18	265.9	115.3	381.3
Q1-19	291.5	59.7	351.3

Source: TCH|MDS 2019

RESIDENTIAL PROPERTY PRICES

TBS HIGHLIGHTS

In Q1 2019, the SPI for residential properties experienced an increase of 1.4% (QoQ), while the RPI declined by 7.2% (QoQ).

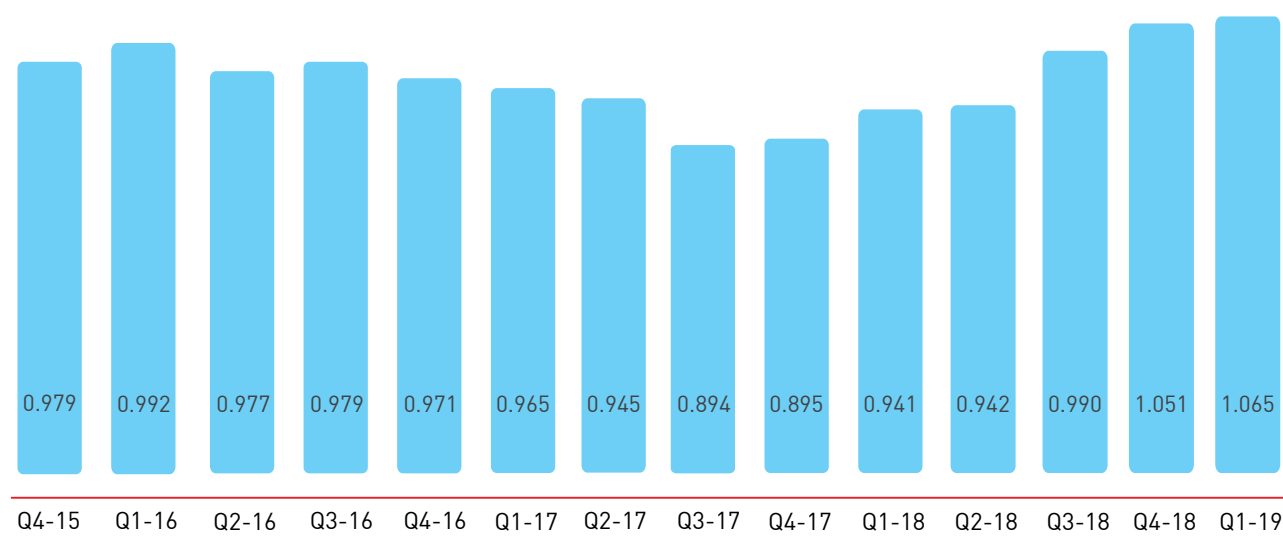
During this quarter, the ASP varied between 873 USD and 888 USD per m2 (monthly average), and the ARP was between 6.5 USD and 7.0 USD per m2 (monthly average). The quarterly average is 881 USD for ASP and 6.7 USD for ARP.

For Q1 2019, the ASP increased (YoY) in all Tbilisi districts, except Vake (-0.6%). The highest increases can be observed in Samgori (+15.4%), followed by Krtsanisi (+7.9%) and Chughureti (+7.2%).

The ARP decreased (YoY) in all districts, aside from Isani (+12.1%). The greatest reductions were in Nadzaladevi and Gldani, by -14.2% (YoY) and -14.5% (YoY), respectively.

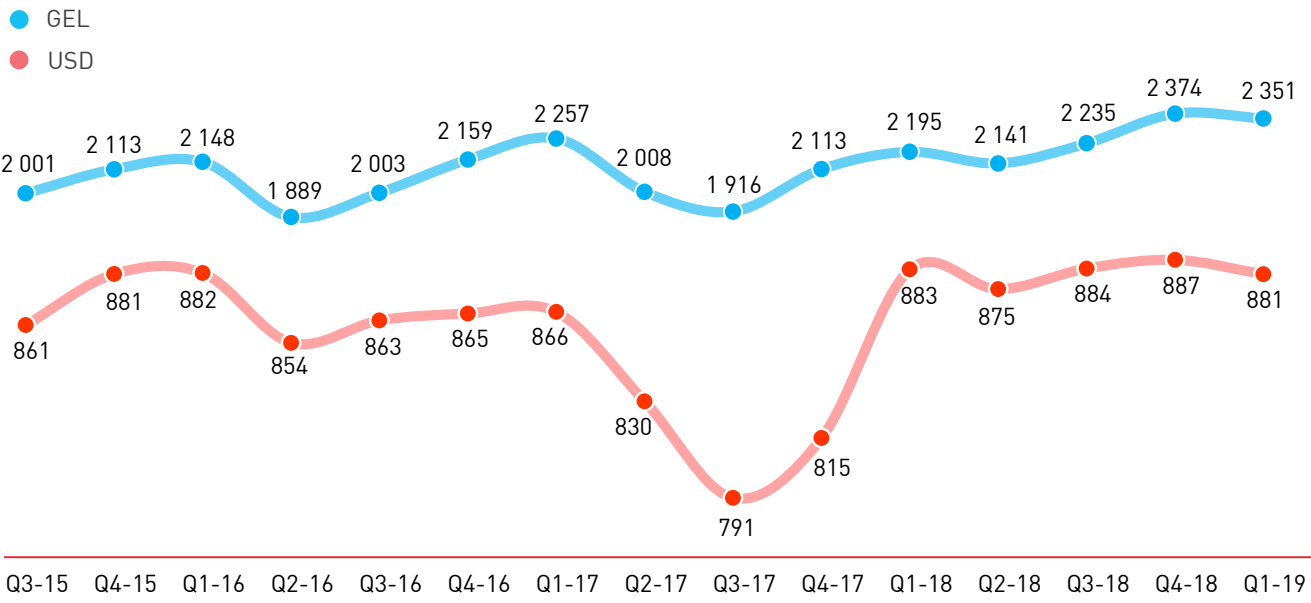
In Q1 2019, the comparative most and least expensive districts by ASP were: Mtatsminda (1,079 USD) and Gldani (585 USD); and by ARP: Mtatsminda (7.8 USD) and Gldani (3.8 USD).

**SPI
RESIDENTIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019**



Source: REM lab 2019

**ASP
RESIDENTIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019**



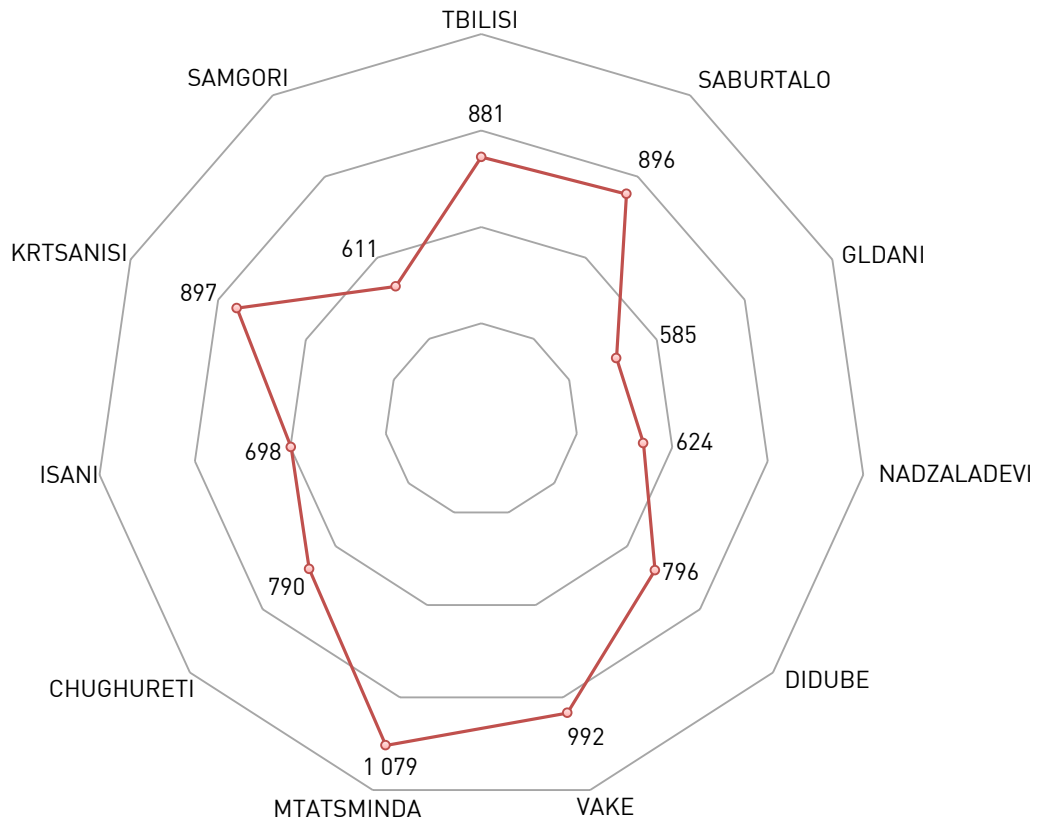
Source: REM lab 2019

**ASP
RESIDENTIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019**

Q-Y	ASP (USD)	QoQ(%)	YoY (%)	ASP (GEL)	QoQ(%)	YoY (%)
Q3-15	861	...	...	2 001	...	...
Q4-15	881	2.4%	...	2 113	5.6%	...
Q1-16	882	0.0%	...	2 148	1.6%	...
Q2-16	854	-3.2%	...	1 889	-12.0%	...
Q3-16	863	1.1%	0.2%	2 003	6.0%	0.1%
Q4-16	865	0.3%	-1.8%	2 159	7.8%	2.1%
Q1-17	866	0.1%	-1.8%	2 257	4.6%	5.1%
Q2-17	830	-4.2%	-2.8%	2 008	-11.1%	6.3%
Q3-17	791	-4.7%	-8.3%	1 916	-4.6%	-4.4%
Q4-17	815	3.0%	-5.8%	2 113	10.3%	-2.1%
Q1-18	883	8.3%	2.0%	2 195	3.8%	-2.8%
Q2-18	875	-0.9%	5.4%	2 141	-2.5%	6.6%
Q3-18	884	1.0%	11.7%	2 235	4.4%	16.7%
Q4-18	887	0.4%	8.8%	2 374	6.2%	12.3%
Q1-19	881	-0.7%	-0.2%	2 351	-1.0%	7.1%

Source: REM lab 2019

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q1 2019**



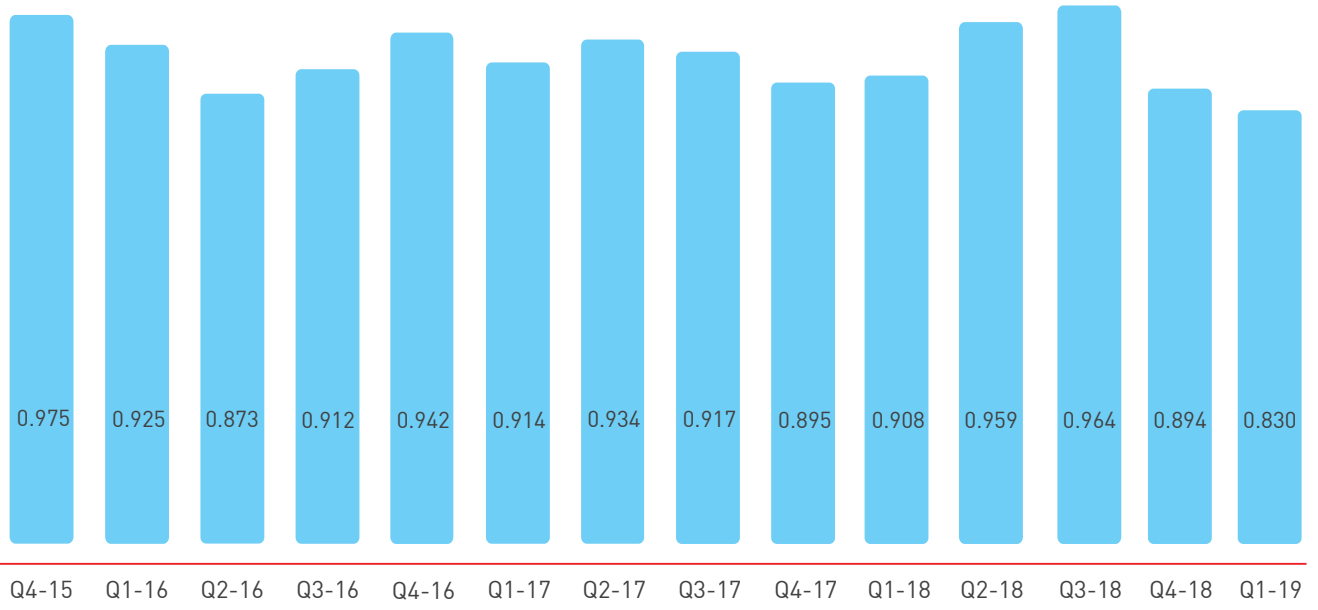
Source: REM lab 2019

**ASP
RESIDENTIAL PROPERTY... TBS
Q1 2019**

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	896	2.5%	2 390	10.0%
GLDANI	585	6.1%	1 560	14.1%
NADZALADEVI	624	2.5%	1 665	10.1%
DIDUBE	796	5.5%	2 122	13.4%
VAKE	992	-0.6%	2 646	6.7%
MTATSMINDA	1 079	0.1%	2 880	7.5%
CHUGHURETI	790	7.2%	2 108	15.1%
ISANI	698	4.3%	1 863	12.1%
KRTSANISI	897	7.9%	2 392	16.0%
SAMGORI	611	15.4%	1 629	24.0%
TBS	881	-0.2%	2 351	7.1%

Source: REM lab 2019

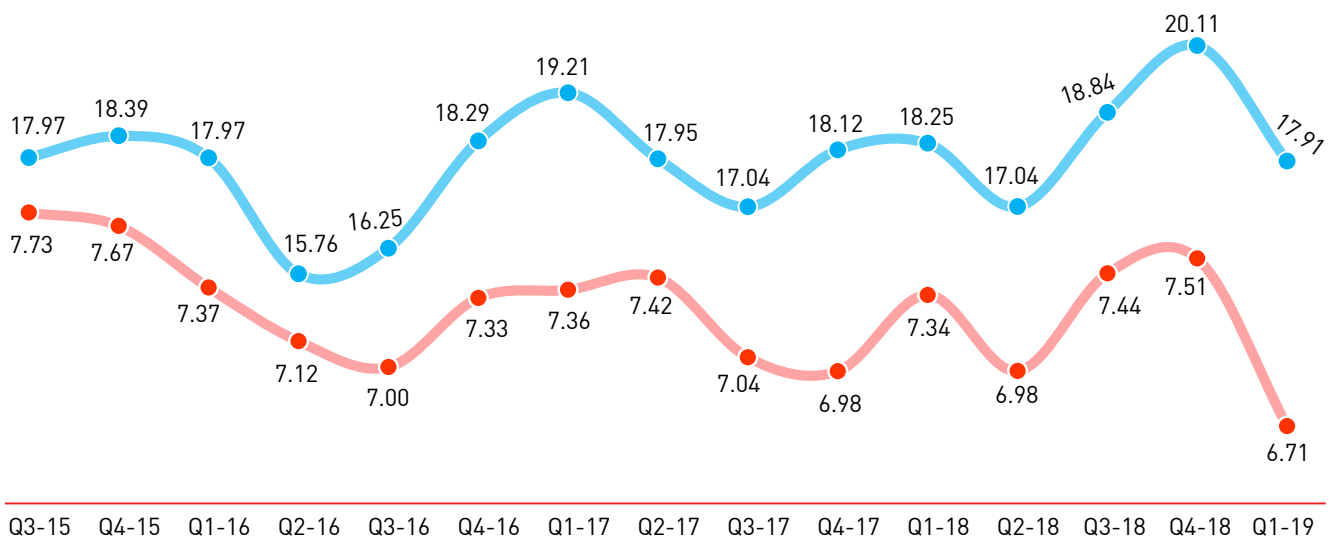
RPI
RESIDENTIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019



Source: REM lab 2019

ARP
RESIDENTIAL PROPERTY...
QUARTERLY TREND, 2015-2019

- GEL
- USD



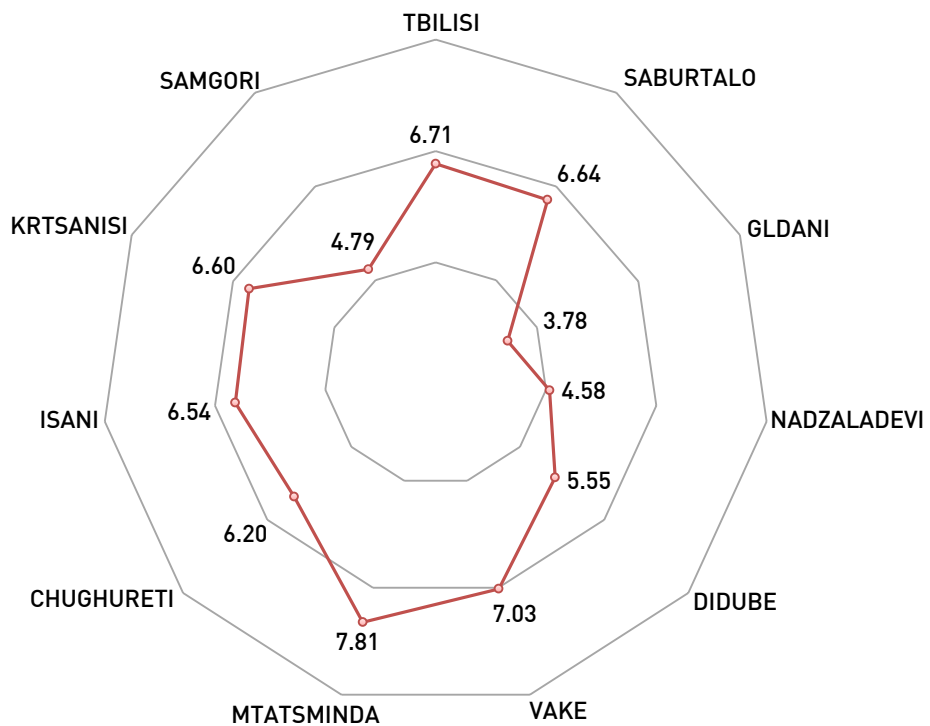
Source: REM lab 2019

**ARP
RESIDENTIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019**

Q-Y	ARP (USD)	QoQ(%)	YoY (%)	ARP (GEL)	QoQ(%)	YoY (%)
Q3-15	7.73	...	...	17.97	...	...
Q4-15	7.67	-0.8%	...	18.39	2.3%	...
Q1-16	7.37	-3.8%	...	17.97	-2.3%	...
Q2-16	7.12	-3.5%	...	15.76	-12.3%	...
Q3-16	7.00	-1.7%	-9.5%	16.25	3.1%	-9.6%
Q4-16	7.33	4.7%	-4.5%	18.29	12.6%	-0.5%
Q1-17	7.36	0.5%	-0.1%	19.21	5.0%	6.9%
Q2-17	7.42	0.8%	4.3%	17.95	-6.6%	13.9%
Q3-17	7.04	-5.1%	0.7%	17.04	-5.1%	4.9%
Q4-17	6.98	-0.9%	-4.8%	18.12	6.4%	-0.9%
Q1-18	7.34	5.2%	-0.3%	18.25	0.7%	-5.0%
Q2-18	6.98	-4.9%	-6.0%	17.07	-6.5%	-4.9%
Q3-18	7.44	6.6%	5.7%	18.84	10.5%	10.6%
Q4-18	7.51	1.0%	7.7%	20.11	6.7%	11.0%
Q1-19	6.71	-10.6%	-8.5%	17.91	-10.9%	-1.8%

Source: REM lab 2019

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q1 2019**



Source: REM lab 2019

**ARP
RESIDENTIAL PROPERTY... TBS
Q1 2019**

DISTRICT	ARP (USD)	YoY (%)	ARP (GEL)	YoY (%)
SABURTALO	6.6	-1.2%	17.7	9.8%
GLDANI	3.8	-14.2%	10.1	9.8%
NADZALADEVI	4.6	-14.5%	12.2	0.7%
DIDUBE	5.5	-0.6%	14.8	11.4%
VAKE	7.0	-6.8%	18.7	11.3%
MTATSMINDA	7.8	-8.4%	20.8	3.9%
CHUGHURETI	6.2	-2.6%	16.5	7.8%
ISANI	6.5	12.1%	17.4	22.0%
KRTSANISI	6.6	-10.2%	17.6	1.9%
SAMGORI	4.8	-2.1%	12.8	14.8%
TBS	6.7	-8.5%	17.9	11.0%

Source: REM lab 2019

COMMERCIAL PROPERTY PRICES

TBS HIGHLIGHTS

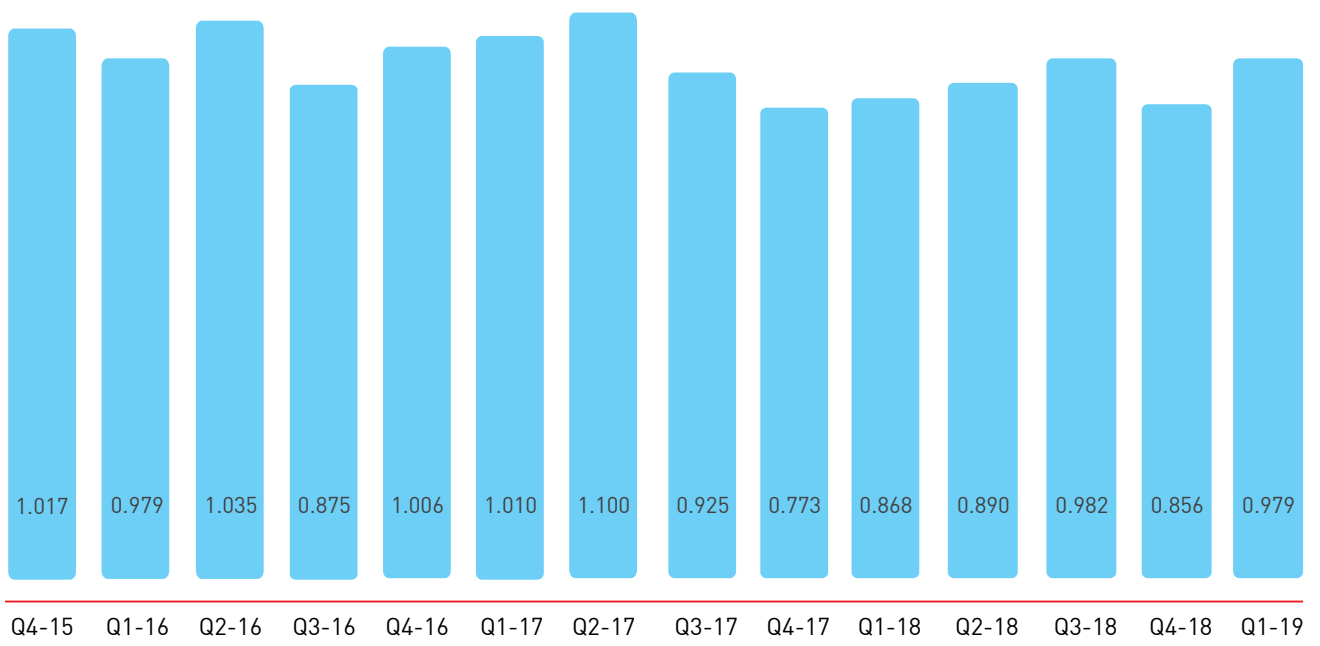
The SPI increased by 14.4% (QoQ) in Q1 2019, reaching 0.979 index points.

The RPI declined by 5.4% (QoQ) and concluded at 0.874 index points.

Over Q1 2019, the ASP varied between 889 and 1,079 USD per m2, and the ARP between 7.99 and 9.92 USD per m2.

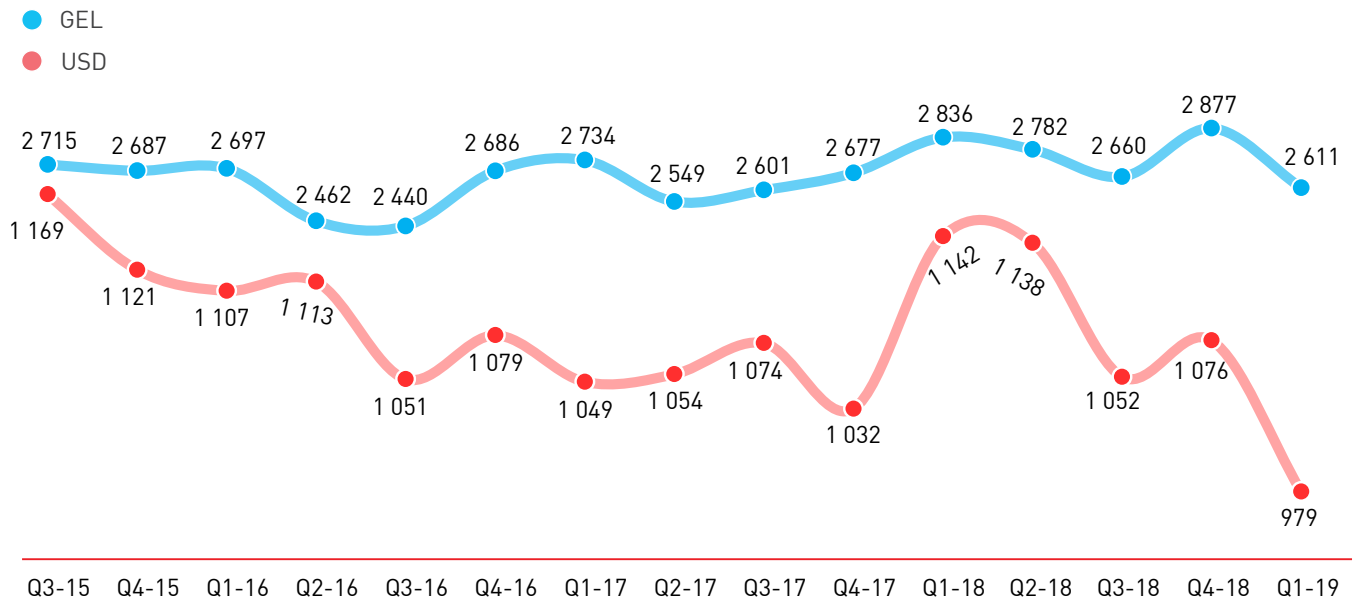
The ASP for commercial properties decreased by -14.3% (YoY) and reached 979 USD per m2. The ARP also decreased, by 4.6% (YoY), and ended at 8.89 USD per m2.

SPI
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019



Source: REM lab 2019

**ASP
COMMERCIAL PROPERTY...
QUARTERLY TREND, 2015-2019**



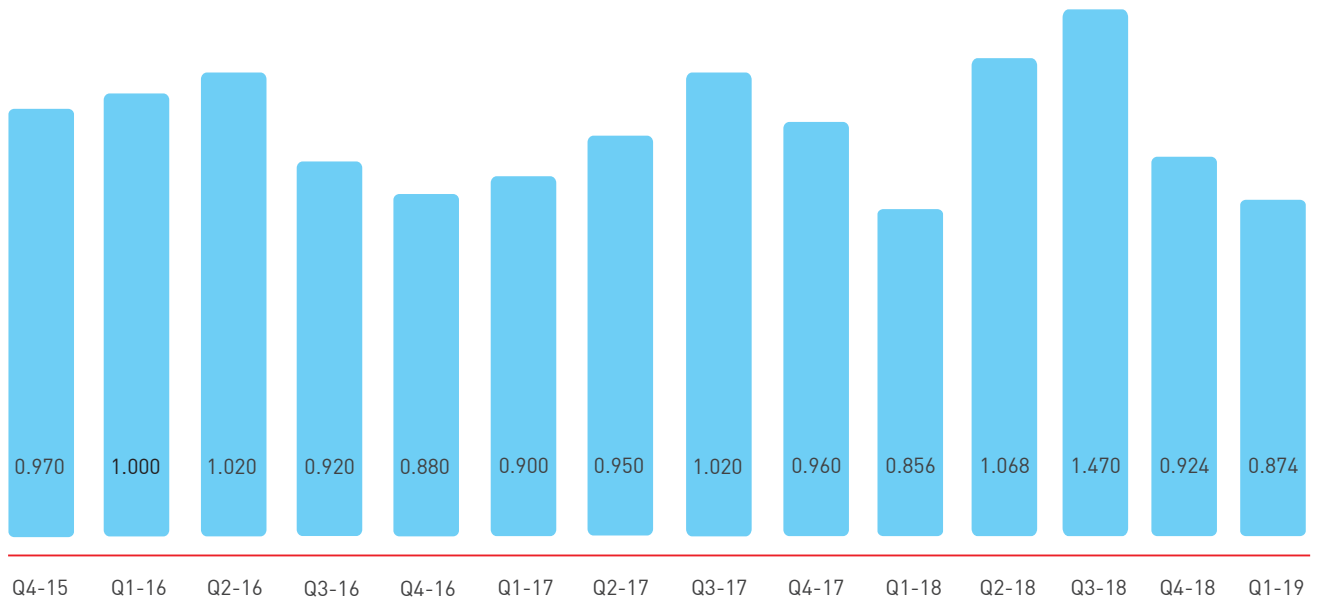
Source: REM lab 2019

**ASP
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019**

Q-Y	ARP (USD)	QoQ (%)	YoY (%)	ARP (GEL)	QoQ (%)	YoY (%)
Q3-15	1 169	...	...	2 715	...	...
Q4-15	1 121	-4.1%	...	2 687	-1.0%	...
Q1-16	1 107	-1.2%	...	2 697	0.4%	...
Q2-16	1 113	0.5%	...	2 462	-8.7%	...
Q3-16	1 051	-5.6%	-10.1%	2 440	-0.9%	-10.1%
Q4-16	1 079	2.7%	-3.7%	2 686	10.1%	0.0%
Q1-17	1 049	-2.8%	-5.3%	2 734	1.8%	1.4%
Q2-17	1 054	0.5%	-5.3%	2 549	-6.8%	3.5%
Q3-17	1 074	1.9%	2.2%	2 601	2.0%	6.6%
Q4-17	1 032	-3.9%	-4.3%	2 677	3.0%	-0.3%
Q1-18	1 142	10.7%	8.9%	2 836	5.9%	3.7%
Q2-18	1 138	-0.4%	8.0%	2 782	-1.9%	9.1%
Q3-18	1 052	-7.5%	-2.0%	2 660	-4.4%	2.3%
Q4-18	1 076	2.2%	4.2%	2 877	8.2%	7.5%
Q1-19	979	-9.0%	-14.3%	2 611	-9.2%	-7.9%

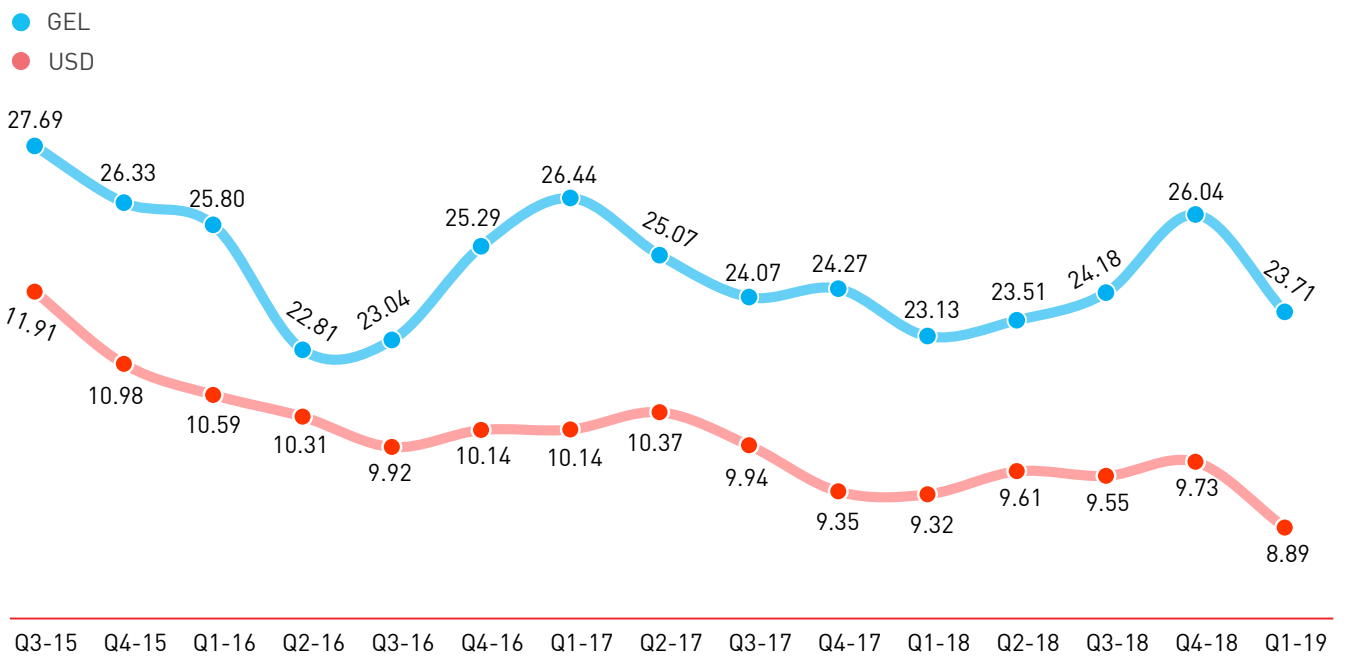
Source: REM lab 2019

RPI
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019



Source: REM lab 2019

ARP
COMMERCIAL PROPERTY...
QUARTERLY TREND, 2015-2019



Source: REM lab 2019

ARP
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2019

Q-Y	ARP (USD)	QoQ (%)	YoY (%)	ARP (GEL)	QoQ (%)	YoY (%)
Q3-15	11.91	...	...	27.69	...	...
Q4-15	10.98	-7.8%	...	26.33	-4.9%	...
Q1-16	10.59	-3.6%	...	25.80	-2.0%	...
Q2-16	10.31	-2.6%	...	22.81	-11.6%	...
Q3-16	9.92	-3.8%	-16.7%	23.04	1.0%	-16.8%
Q4-16	10.14	2.2%	-7.7%	25.29	9.7%	-4.0%
Q1-17	10.14	0.1%	-4.2%	26.44	4.6%	2.5%
Q2-17	10.37	2.2%	0.6%	25.07	-5.2%	9.9%
Q3-17	9.94	-4.1%	0.2%	24.07	-4.0%	4.5%
Q4-17	9.35	-5.9%	-7.8%	24.27	0.8%	-4.0%
Q1-18	9.32	-0.4%	-8.2%	23.13	-4.7%	-12.5%
Q2-18	9.61	3.2%	-7.3%	23.51	1.7%	-6.2%
Q3-18	9.55	-0.6%	-3.9%	24.18	2.8%	0.5%
Q4-18	9.73	1.9%	4.0%	26.04	7.7%	7.3%
Q1-19	8.89	-8.6%	-4.6%	23.71	-9.0%	2.5%

Source: REM lab 2019

BATUMI & KUTAISI REAL PROPERTY

HIGHLIGHTS

In Q1 2019, the real property market in Batumi decreased significantly, by 16.5% (QoQ), it also decreased in Kutaisi by 7.2% (QoQ). Where, there were 2,713 transactions registered in Batumi and only 670 in Kutaisi.

The SPI for residential property in Batumi in Q1 2019 increased (8.4%, QoQ), reaching 1.210 index points. The SPI for residential property in Kutaisi also grew, by 13.8% (QoQ), and held 1.097 index points.

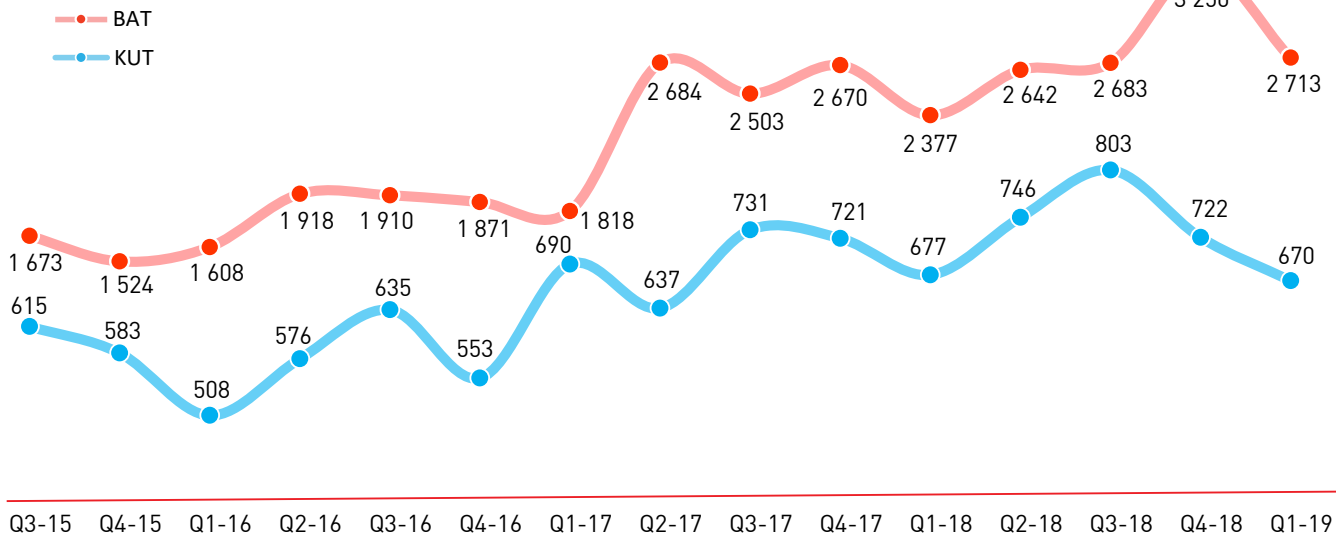
The ASP of residential property in the Batumi decreased by 1.8%, whereas it increased in Kutaisi by 4.5% (QoQ), by 827 and 417 USD per m², respectively.

SALES TREND REAL PROPERTY... BAT & KUT QUARTERLY TREND, 2015-2019

Q-Y	BAT (UNIT)	QoQ (%)	YoY (%)	KUT (UNIT)	QoQ (%)	YoY (%)
Q3-15	1 673	...	...	615	...	...
Q4-15	1 524	-8.9%	...	583	-5.2%	...
Q1-16	1 608	5.5%	...	508	-12.9%	...
Q2-16	1 918	19.3%	...	576	13.4%	...
Q3-16	1 910	-0.4%	14.2%	635	10.2%	3.3%
Q4-16	1 871	-2.0%	22.8%	553	-12.9%	-5.1%
Q1-17	1 818	-2.8%	13.1%	690	24.8%	35.8%
Q2-17	2 684	47.6%	39.9%	637	-7.7%	10.6%
Q3-17	2 503	-6.7%	31.0%	731	14.8%	15.1%
Q4-17	2 670	6.7%	47.7%	721	-1.4%	30.4%
Q1-18	2 377	-11.0%	30.7%	677	-6.1%	-1.9%
Q2-18	2 642	11.1%	-1.6%	746	10.2%	17.1%
Q3-18	2 683	1.6%	7.2%	803	7.6%	9.8%
Q4-18	3 250	21.1%	21.7%	722	-10.1%	0.1%
Q1-19	2 713	-16.5%	14.1%	670	-7.2%	-1.0%

Source: NAPR 2019

SALES TREND
REAL PROPERTY... BAT & KUT
QUARTERLY TREND, 2015-2019



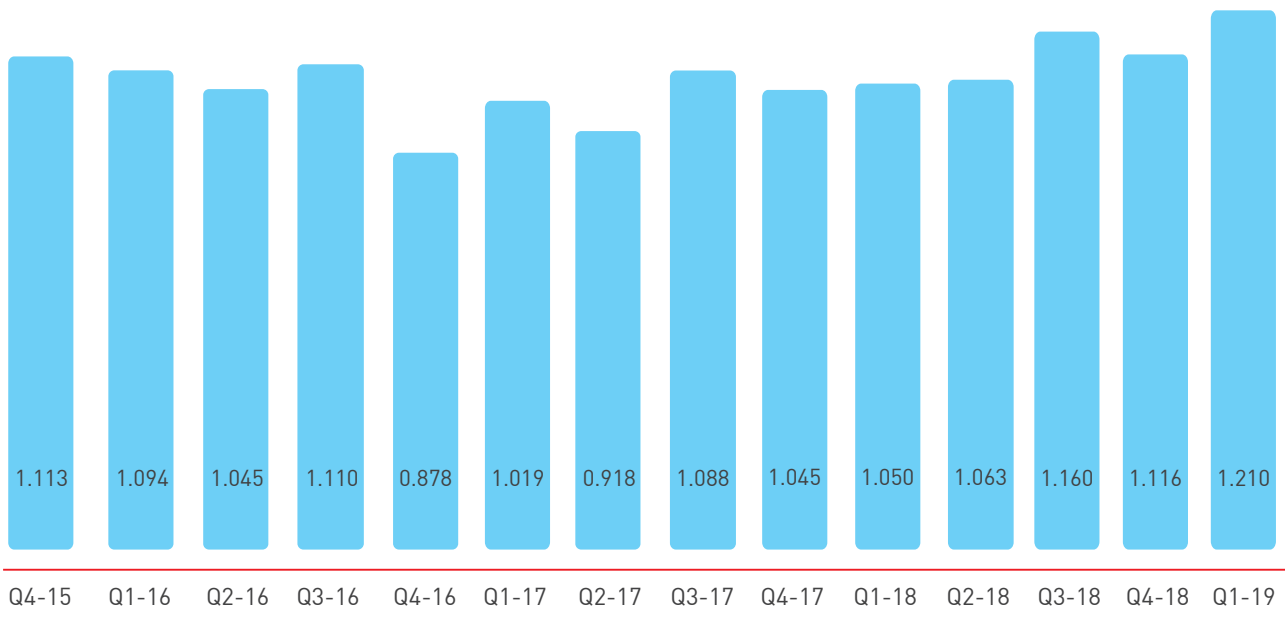
Source: NAPR 2019

ASP
RESIDENTIAL PROPERTY... BAT
QUARTERLY TREND, 2016-2019

Q-Y	ASP (USD)	QoQ (%)	ASP (GEL)	QoQ (%)
Q1-16	728	...	1 774	...
Q2-16	775	6.4%	1 715	-3.3%
Q3-16	784	1.1%	1 820	6.1%
Q4-16	719	-8.2%	1 795	-1.4%
Q1-17	720	0.1%	1 875	4.4%
Q2-17	734	1.9%	1 775	-5.3%
Q3-17	747	1.7%	1 808	1.8%
Q4-17	755	1.1%	1 958	8.3%
Q1-18	772	2.4%	1 919	-2.0%
Q2-18	795	3.0%	1 945	1.3%
Q3-18	802	0.9%	2 030	4.4%
Q4-18	842	5.0%	2 253	11.0%
Q1-19	827	-1.8%	2 207	-2.0%

Source: REM lab 2019

SPI
RESIDENTIAL PROPERTY... BAT
QUARTERLY TREND, 2015-2019



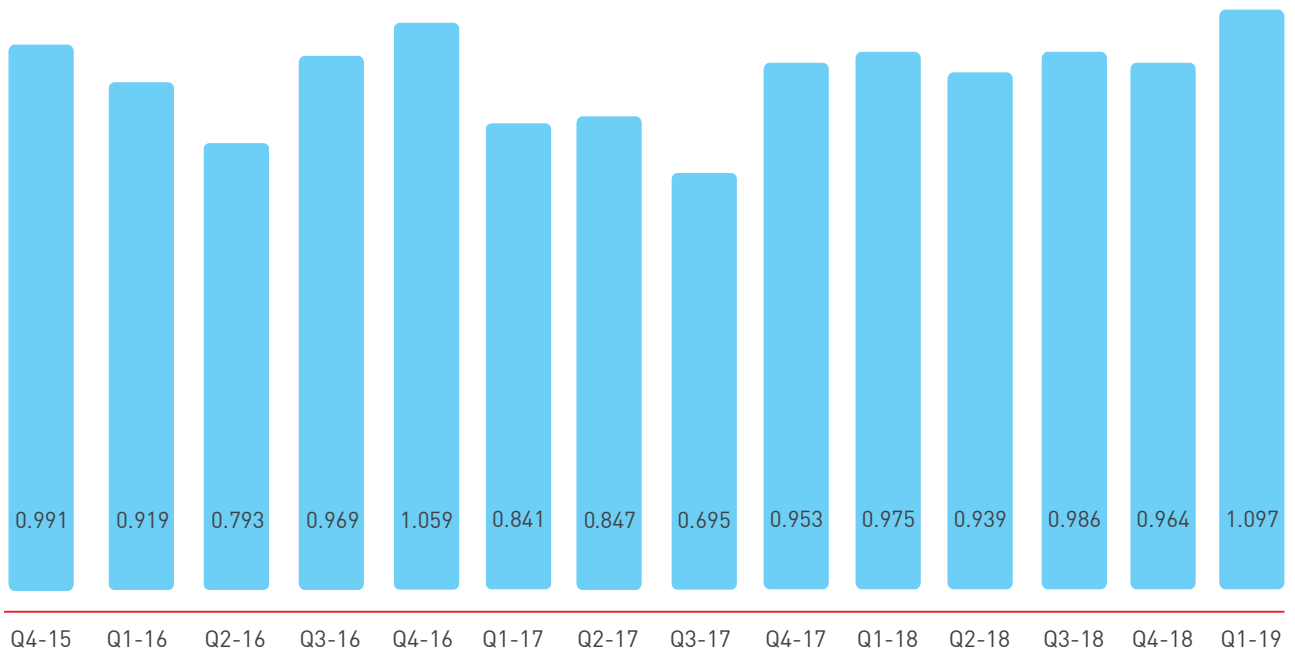
Source: REM lab 2019

ASP
RESIDENTIAL PROPERTY... KUT
QUARTERLY TREND, 2016-2019

Q-Y	ASP (USD)	QoQ (%)	ASP (GEL)	QoQ (%)
Q1-16	372	...	905	...
Q2-16	348	-6.5%	769	-15.0%
Q3-16	374	7.7%	869	13.0%
Q4-16	379	1.2%	945	8.8%
Q1-17	354	-6.5%	923	-2.4%
Q2-17	344	-2.8%	833	-9.7%
Q3-17	342	-0.8%	827	-0.7%
Q4-17	375	9.7%	972	17.5%
Q1-18	391	4.4%	973	0.0%
Q2-18	351	-10.2%	859	-11.6%
Q3-18	391	11.2%	989	15.1%
Q4-18	399	2.0%	1 067	7.9%
Q1-19	417	4.5%	1 112	4.2%

Source: REM lab 2019

SPI
RESIDENTIAL PROPERTY... KUT
QUARTERLY TREND, 2015-2019



Source: REM lab 2019